



October 30, 2007

Mary Rupp, Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Re: Comments on Advanced Notice of Proposed Rule (ANPR) for  
Parts 703 and 704

Dear Ms. Rupp:

On behalf of the California and Nevada Credit Union Leagues, I appreciate the opportunity to comment on the NCUA's ANPR regarding permissible foreign currency investments. While most credit unions do not currently engage in transactions involving foreign currency (e.g., foreign currency exchange services), we applaud the agency's forward-looking efforts to address serving those members who may live, work, regularly travel, or have families out of the United States. By way of background, the California and Nevada Credit Union Leagues (the Leagues) are the largest state trade associations for credit unions in the United States, representing the interests of more than 400 credit unions and their 9 million members.

We are aware that the primary impetus for this ANPR is that, in 2006, the NCUA amended its share insurance rule to permit federally insured credit unions to accept member shares denominated in foreign currency. That rulemaking, however, did not address investment in foreign denominated currencies. As NCUA notes, for some credit unions the ability to accept member shares in foreign currency—without authority to make investments in foreign currencies—may pose a competitive disadvantage. Therefore, we approve of NCUA's consideration to grant federal credit unions (FCUs) complementary authority to make limited investments in foreign currency as a fair and reasonable way to address this issue.

However, the share insurance rule did not address lending in foreign currencies, nor does NCUA include it in this ANPR, indicating that it may consider the issue at another time. We believe that this exclusion is contrary to NCUA's usually thoughtful and long-sighted approach to regulation, and leads us to the conclusion that, overall, the ANPR fails to adequately help those credit unions with international components to fully serve their members.

The Leagues are of the opinion that in order to help protect a credit union from foreign exchange risks on the investment side, any investment authority should be complemented with the ability to lend in foreign currency. A credit union with an equal amount of shares and loans in a given currency is more naturally protected from currency fluctuation risks. In other words, we believe that granting lending authority is more in keeping with the principles of safety and soundness, and would provide a more comprehensive, balanced, and "real world" approach. Accordingly, we strongly urge NCUA to consider granting FCUs the ability to lend to its members in foreign currency, as well as to accept deposits and to invest in foreign currency.

The California and Nevada Credit Union Leagues would like to thank NCUA for the opportunity to comment on this ANPR. We appreciate your consideration of our suggested addition of foreign currency lending authority to the proposal, and look forward to working with you to provide credit unions with a reasonable, workable framework to offer foreign currency products and services.

Regards,

A handwritten signature in black ink, appearing to read 'Bill Cheney', with a long horizontal flourish extending to the right.

Bill Cheney  
President/CEO  
California and Nevada Credit Union Leagues